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FORM MR-RC  
Revised January 18, 2000  
RECLAMATION CONTRACT

AUG 01 2000

DIVISION OF  
OIL, GAS AND MINING

File Number M/043/012

Effective Date Nov 9, 2000

Other Agency File Number N/A

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECLAMATION CONTRACT

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**COPY**

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/043/012</u>
(Mineral Mined)	<u>Sandstone / Building Stone</u>
"MINE LOCATION":	
(Name of Mine)	<u>Peoa Blonde</u>
(Description)	<u>Approximately two miles west of</u> <u>the town of Peoa, Utah located in</u> <u>Brown's Canyon</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>25.7</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Star Stone Quarries, Inc.</u>
(Address)	<u>4040 South 300 West</u> <u>Salt Lake City, Utah 84107</u>
(Phone)	<u>(801) 262-4300</u>



"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

Lon Thomas

4040 S 300 W

Salt Lake City, Utah 84107

(801) 262-4300

"OPERATOR'S OFFICER(S)":

Lon Thomas - President

Beverly Thomas - Secretary - Treasurer

"SURETY":

(Form of Surety - Attachment B)

1. Certificate of Deposit
2. Certificate of Deposit
3. Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

1. First Security Bank No. [REDACTED]
2. First Security Bank No. [REDACTED]
3. First Security Bank No. [REDACTED]

"SURETY AMOUNT":

(Escalated Dollars)

1. \$25,000
  2. \$20,000
  3. \$5,600
- \$50,600

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Star Stone Quarries, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/043/012 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated May 1, 2000, and the original Reclamation Plan dated May 1, 2000. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's



request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

Star Stone Quarries, Inc.  
Operator Name

By Lon Thomas  
Authorized Officer (Typed or Printed)

President  
Authorized Officer - Position

Lon Thomas  
Officer's Signature

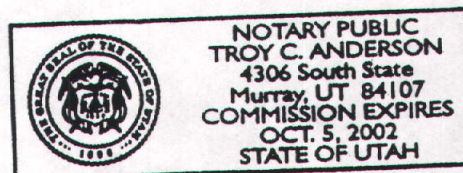
8-1-00  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 1st day of August, 2000, personally  
appeared before me Lon Thomas who being  
by me duly sworn did say that he/she, the said Lon Thomas is  
the President of Star Stone Quarries, Incorporated  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Lon Thomas duly acknowledged to me that said company  
executed the same.

Troy C Anderson  
Notary Public  
Residing at: \_\_\_\_\_

10-5-2002  
My Commission Expires:





DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton  
Lowell P. Braxton, Director

11/9/00  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 9<sup>th</sup> day of November, 2000,  
personally appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,  
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing  
document by authority of law on behalf of the State of Utah.

Clifford A. Bailey  
Notary Public  
Residing at: Salt Lake City

February 29, 2004  
My Commission Expires:





ATTACHMENT "A"

Star Stone Quarries, Inc.  
Operator

Peoa Blonde  
Mine Name

M/043/012  
Permit Number

Summit County, Utah

**The legal description of lands to be disturbed is:**

Portions of the SE 1/4 NW1/4 and the SW1/4  
of Section 20

Township 1 South, Range 5 East, SLBM  
Summit County, Utah









KEYBANK NATIONAL ASSOCIATION  
STANDBY LETTER OF CREDIT SERVICES

MAIL CODE: OH-01-51-0435  
4910 TIEDEMAN ROAD  
CLEVELAND, OHIO 44144-2338  
TEL NO: 216-813-3698, -3701, -3713  
FAX NO: 216-813-3719

DATE: June 29, 2006

Irrevocable Standby Letter of Credit No. [REDACTED]

Beneficiary:

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

Applicant:

Star Stone Quarries, Inc.  
4040 South 300 West  
Salt Lake City, UT 84107

Amendment Sequence Number: 001

We hereby amend our Irrevocable Standby Letter of Credit Number [REDACTED] as follows:

In paragraphs 1,2,8, and Exhibit B delete "Peda Quarry" in it's entirety and replace with "Peoa Quarry".

All other terms and conditions remain unchanged. This amendment is to be considered an integral part of the Letter of Credit and must be attached thereto.

KeyBank National Association

  
Authorized Signature

  
Authorized Signature





KEYBANK NATIONAL ASSOCIATION  
STANDBY LETTER OF CREDIT SERVICES  
MAIL CODE: OH-01-51-0435  
4910 TIEDEMAN ROAD  
CLEVELAND, OHIO 44144-2338  
TEL NO: 216-813-3698, -3701, -3713  
FAX NO: 216-813-3719

DATE: June 22, 2006

Irrevocable Standby Letter of Credit No. [REDACTED]

Beneficiary:

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

Applicant:

Star Stone Quarries, Inc.  
4040 South 300 West  
Salt Lake City, UT 84107

AMOUNT: USD54,900.00

EXPIRY: June 30, 2007

Gentlemen;

1. KeyBank National Association, ("Bank"), of Cleveland, Ohio, hereby establishes this Irrevocable Standby Letter of Credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the Bureau of Land Management for an aggregate amount not to exceed USD54,900.00 (Fifty-Four Thousand Nine Hundred and 00/100 United States Dollars) ("Face Amount") effective immediately; on behalf of Star Stone Quarries, Inc. ("Operator") for Peda Quarry mining operation under Mine Permit No. M/043/012.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 P.M. (Cleveland Ohio time) on the expiry date or (b) the date upon which sufficient documents are executed by the Division to release Operator from further liability for reclamation of the Peda Quarry mine, M/043/012 with notice to the Bank by the Division accompanied by the Letter of Credit and any amendments, with directions for cancellation.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless at least ninety (90) days prior to the expiration date the Bank gives notice to the Division by any courier service or by Registered United States Mail "return receipt requested" that the Bank elects not to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying the Letter of Credit No. S311480 delivered to the office of the Bank, KeyBank National Association, Standby Letter of Credit Services, Mail Code: OH-01-51-0435, 4910 Tiedeman Rd., Cleveland, Ohio 44144-2338. At the Divisions sole election, the Division may present sight drafts for less than the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

\*\*\*Continued on next page\*\*\*





Our Reference No. S311480

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5. If the Bank receives the Division's sight draft(s) and Certificate(s) as provided in Paragraph 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the division may specify, within the limits of the second sentence of Paragraph 4 of this Letter of Credit, available to the Division no later than the close of business, (Cleveland, Ohio time) on the second business day following the Bank's receipt of the sight draft and certificate in such a manner as the Division may specify. "Business Day" means any day that is not a Saturday or Sunday or other day on which commercial banks in the State of Ohio are authorized or required by law to close.

6. The Bank will give prompt notice to the Operator and the Division of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violation or regulatory requirements, which could result in suspension or revocation of the Bank's Charter or license to do business.

7. This Letter of Credit will be governed by the Uniform Custom and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No.500 and the Laws of the State of Utah. In the event of a conflict of laws then the Laws of the State of Utah shall govern.

8. Proceeds of this drawing will be held by the Division, subject to the Board of Oil, Gas, and Mining, after Notice and Hearing, ordering forfeiture of the Bank in accordance with applicable law utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorney's fees for the Peda Quarry mine M/003/024.

9. All communications regarding this Letter of Credit will be addressed to the Bank, KeyBank National Association, Standby Letter of Credit Services, Mail Code: OH-01-51-0435, 4910 Tiedeman Rd., Cleveland, Ohio 44144-2338 referencing Letter of Credit No. [REDACTED]

10. In the event that the Bank gives notice to the Division that the expiration date of the Letter of Credit will not be extended, the Division may, until the current expiration date of the Letter of Credit, draw under the Letter of Credit against it sight draft(s) in accordance with the provisions of Paragraph 4 to assure or complete reclamation if the Operator does not replace the Letter of Credit within 90 days of the date of the Bank's notice that it elects not to renew the Letter of Credit.

\_\_\_\_\_  
Authorized Signature

  
\_\_\_\_\_  
Authorized Signature





**EXHIBIT A**

**SIGHT DRAFT**

Date: \_\_\_\_\_

USD\$ \_\_\_\_\_

At sight, pay to the order of:

Utah Division of Oil, Gas and Mining

the sum of: \_\_\_\_\_ United States Dollars

Drawn under the KeyBank National Association, Cleveland, Ohio Irrevocable Standby Letter of Credit no. \_\_\_\_\_, dated June 22, 2006

To: KeyBank National Association  
4910 Tiedeman Road  
Cleveland, Ohio, 44144 USA

Utah Division of Oil, Gas, and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

\_\_\_\_\_  
(Authorized signature)

\_\_\_\_\_  
(Name)

Please wire draw proceeds per the following instructions:

TO: \_\_\_\_\_

ABA or ROUTING #: \_\_\_\_\_

ATTN: \_\_\_\_\_

REFERENCE: \_\_\_\_\_

CREDIT ACCOUNT: \_\_\_\_\_





## EXHIBIT B

### CERTIFICATE

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of USD \_\_\_\_\_ by sight draft(s) accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated June 22, 2006 issued by KeyBank National Association Cleveland Ohio is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated per its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the amount to be drawn is necessary to assure or complete reclamation of the Peda Quarry mine number M/043/012 in accordance with applicable law.

The Utah Division of Oil, gas and Mining

By: \_\_\_\_\_

Date: \_\_\_\_\_